



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2005 REGULAR SESSION

HOUSE BILL NO. 4

THURSDAY, FEBRUARY 10, 2005

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE March 11, 2005
10:23 a.m.

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Garlie Adkinson

AN ACT relating to delinquent property taxes.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 134.500 is amended to read as follows:

2 (1) (a) Certificates of delinquency shall bear interest at twelve percent (12%) per
3 annum simple interest from the date the certificate of delinquency is issued. A
4 fraction of a month is counted as an entire month. The five dollar (\$5) sheriff's
5 fee, the advertising costs provided in KRS 134.420, the clerk's add-on fee
6 provided in KRS 134.480, and the county attorney's add-on fee provided in
7 this section shall be included in the interest calculation in counties containing
8 cities of the first class or consolidated local government and shall be excluded
9 in other counties, except upon adoption of an ordinance by a county to include
10 in the interest calculation the fees provided for in KRS 134.420, the clerk's
11 add-on fee provided in KRS 134.480, and the county attorney's add-on fee
12 provided in this section. All tax bills on omitted property that were not turned
13 over to the sheriff in time to be collected or to make the sale provided for in
14 KRS 134.430 and 134.440 shall also be submitted to the fiscal court but shall
15 be carried over as a charge against the sheriff at the time he or she makes the
16 next regular settlement.

17 (b) A certificate of delinquency shall bear interest at twelve percent (12%) per
18 annum simple interest from the date the certificate of delinquency is issued. A
19 fraction of a month is counted as an entire month. The total amount of the
20 certificate of delinquency, the clerk's add-on fee provided in KRS 134.480,
21 and the county attorney's add-on fee provided in this section shall be included
22 in the base for the interest calculation. All tax bills on omitted property that
23 were not turned over to the sheriff in time to be collected or to make the sale
24 provided for in KRS 134.430 and 134.440 shall also be submitted to the fiscal
25 court but shall be carried over as a charge against the sheriff at the time he

1 makes his next regular settlement.

2 (2) The cabinet shall be responsible for the collection of certificates of delinquency and
3 delinquent personal property tax bills; however, the cabinet shall first offer the
4 collection duties to the county attorney, unless the cabinet determines that the
5 county attorney has previously failed to perform collection duties in a reasonable
6 and acceptable manner. Any county attorney desiring to perform the duties
7 associated with the collection of delinquent tax claims shall enter into a contract
8 with the cabinet on an annual basis. The terms of the contract shall specify the
9 duties to be undertaken by the county attorney. These duties shall include but are
10 not limited to the following actions:

11 (a) Within fifty (50) days after the issuance of a certificate of delinquency to the
12 state, county, and taxing district, the county attorney or the Revenue Cabinet
13 shall cause a notice of the purchase to be mailed by regular mail to the
14 property owner at the address on the records of the property valuation
15 administrator. The notice shall advise the owner that the certificate is a lien of
16 record against all property of the owner, and bears interest at the rate of twelve
17 percent (12%) per annum, and if not paid will be subject to collection by the
18 county attorney as provided by law.

19 (b) The county attorney shall file in the office of the county clerk a list of the
20 names and addresses to which the notice was mailed along with a certificate
21 that the notice was mailed in accordance with the requirements of this section.

22 (c) All notices returned as undeliverable shall be submitted to the property
23 valuation administrator. The property valuation administrator shall attempt to
24 correct inadequate or erroneous addresses and, if property has been
25 transferred, shall determine the new owner and the current mailing address.
26 The property valuation administrator shall return the notices with the
27 corrected information to the county attorney prior to the expiration of the one

1 (1) year tolling period provided in KRS 134.470.

2 (d) Within ninety (90) days after the expiration of the one (1) year tolling period
3 provided in KRS 134.470, the county attorney shall cause a notice of his
4 intention to enforce the lien to be mailed to all owners whose tax bills remain
5 delinquent. No second notice shall be required for addresses previously
6 determined to be undeliverable and for which the property valuation
7 administrator has not provided corrected information.

8 (e) Failure to mail the notices shall not affect the validity of the claim of the state,
9 county, and taxing district. The postal cost of mailing the notices shall be
10 added to the certificate of delinquency and, upon collection, the county
11 attorney shall be reimbursed for the postage. The county attorney shall deliver
12 at the same time a list of the owners whose tax bills remain delinquent to the
13 property valuation administrator. The property valuation administrator shall
14 review this list in accordance with the provisions of KRS 132.220 to establish
15 that the properties on the list can be identified and physically located.

16 (3) The county attorney who enters into a contract with the cabinet shall have a period
17 of two (2) years after the expiration of the one (1) year tolling period provided in
18 KRS 134.470 to collect delinquent tax bills or to initiate court action for their
19 collection. At the expiration of the two (2) years the cabinet may assume
20 responsibility for all uncollected bills except those with pending court action.

21 (4) The county attorney who enters into a contract with the cabinet and performs his or
22 her duties in respect to the certificate of delinquency and delinquent personal
23 property tax bills shall be entitled to twenty percent (20%) of the amount due each
24 taxing unit, whether the tax claim is voluntarily paid or is paid through sale or under
25 court order, and the fee shall be paid to him by the county clerk when making
26 distribution, as provided in KRS 134.480. This fee shall be added to the amount of
27 the tax claims and paid by the persons paying the tax claims. They shall not be paid

1 by the taxing districts or deducted from the taxes due the taxing districts. This fee
2 shall be waived if the certificate of delinquency is paid by the taxpayer only within
3 five (5) days of the sheriff's sale. If more than one (1) county attorney renders
4 necessary services in an effort to collect a tax claim, the attorney serving the last
5 notice or rendering the last substantial service preceding collection shall be entitled
6 to the fee. When the county attorney's office, in an effort to collect a certificate of
7 delinquency, or delinquent personal property tax bills files a court action or files a
8 cross-claim~~[which is litigated by the taxpayer]~~, an additional county's attorney fee
9 equal to thirteen percent (13%) of the total tax plus ten percent (10%) penalty, may
10 be added to the certificate or the bill and shall become part of the tax claim.

11 (5) If a county attorney chooses not to contract for these collection duties or if a county
12 attorney fails to perform the duties required by the contract, the cabinet shall assume
13 responsibility for the collection process. In the performance of those duties, the
14 cabinet shall have all the powers, rights, duties, and authority with respect to the
15 collection, refund, and administration of the amount due on the certificate of
16 delinquency conferred generally upon the cabinet by Kentucky Revised Statutes
17 including, but not limited to, KRS Chapters 131, 134, and 135. The twenty percent
18 (20%) fee that would have otherwise been paid to the county attorney shall be paid
19 to the cabinet for deposit in the delinquent tax fund provided for under KRS
20 134.400.

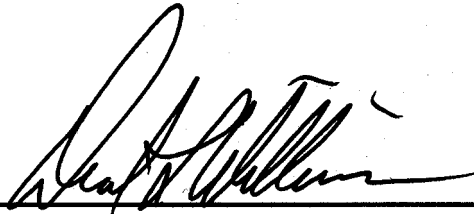
21 (6) Any action on behalf of the state, county, and taxing districts authorized by this
22 section or by KRS 134.470, 134.490, or 134.540 shall be filed on relation of the
23 secretary, and the petition may be sent to the cabinet, which may require revision in
24 instances where it deems revision or amendment necessary. The cabinet shall advise
25 the county attorney in all actions, and may send him or her special assistance when
26 the secretary deems assistance necessary. A copy of the judgment shall also be sent
27 to the cabinet. If the cabinet sends assistance to a county attorney who contracts to

1 prosecute the suits or proceedings, the county attorney shall be entitled to his or her
2 full fee. On the same day that suit is filed, the county clerk shall be given notice of
3 its filing. Costs incident to the suit shall become a part of the tax claim.

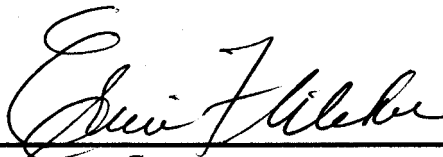
4 (7) The cabinet may make its delinquent tax collection databases and other technical
5 resources, including but not limited to income tax refund offsetting, available to the
6 county attorney upon request from the county attorney. The county attorney seeking
7 assistance shall enter into any agreements required by the cabinet to protect taxpayer
8 confidentiality, to ensure database integrity, or to address other concerns of the
9 cabinet.

10 (8) The county attorney may, at any time after assuming collection duties, enter into an
11 agreement with the delinquent taxpayer to accept installment payments on the
12 delinquent tax bill. The agreement shall not waive the county attorney's right to
13 initiate court action or other authorized collection activities if the taxpayer does not
14 make payments in accordance with the agreement.


Speaker-House of Representatives


President of the Senate

Attest: 
Chief Clerk of House of Representatives

Approved 
Governor

Date 